

MEMORANDUM

DATE: January 17, 2006
TO: General Assembly, Governor's Office
FROM: Iowa Economic Development Board
RE: Grow Iowa Values Fund Minority or Women-Owned Businesses

Per the Grow Iowa Values Fund legislation, the Iowa Department of Economic Development Board is required to submit a report on FY06 awards made from the Iowa Values Fund to businesses owned by women or minorities. Further, the Code asks the report to address barriers that may prohibit women or minority-owned businesses from applying and the ways in which IDED encourages more applications from women or minority owned businesses.

Although only six months has past and the legislation doesn't require this report to be made until Jan. 2007, the board wanted to update the legislature on the current status of awards received by women and minority owned businesses.

Since July 2005, Iowa Values Fund monies have been awarded to three (3) companies which are greater than 50 percent owned by a woman and/or minority.

The businesses funded include:

CMNET, Inc. dba CADSEEK (\$100,000 EVA in Sept. '05)
Infrastructure Solution, Inc. (\$180,000 CEBA in Sept. '05)
LXI Enterprise Storage, Inc. (\$250,000 CEBA in Sept. '05)

You'll note that the Iowa Values Fund legislation establishes a wage threshold of 130% of county average wage and makes retail businesses ineligible for funding.

Other relevant facts:

- A total of 32 awards were made from the Iowa Values Fund since July '05 (through Dec. '05).
- Since July '05 (through Dec. '05), three (3) applications for the Iowa Values Fund were received by IDED from women or minority owned businesses.
- Of the 342 projects assisted with IDED incentives since the Iowa Values Fund was created (July 2003), 10 awards have gone to women or minority owned businesses.
- IDED administers the Targeted Small Business Program (TSB) which is exclusively targeted to women and minority owned businesses. These funds do not come through the Iowa Values Fund. In the time period of July '05 through Nov. '05, the program received 42 applications and funded 14.
 - TSB applications are evaluated by a committee that advises the IDED director;

- The last appropriation for the TSB program occurred in FY03 and subsequent funding levels for the program have relied on repayments which are dramatically low at the current time.
- IDED held two seminars in 2005 to promote assistance for women and minority owned businesses. In addition, staff works with several minority and women commissions, including the Division of Latino Affairs, Division on Status of African Americans, Division on Status of Women, NAACP and Asian Alliance.

We respectfully submit this report now and will provide more comprehensive data on FY06 activities in January 2007.